
**NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2014**



A Professional Accounting Corporation
www.pncpa.com

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INDEPENDENT AUDITORS' REPORT

Honorable Victor Jones, Sheriff
Natchitoches Parish Detention Center
Natchitoches, Louisiana

We have audited the accompanying financial statements of the business-type activities of the Natchitoches Parish Detention Center (the Detention Center), a component unit of the Natchitoches Parish Sheriff, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Detention Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of those risks of material misstatement of the financial statements, whether due to fraud or error. In making risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

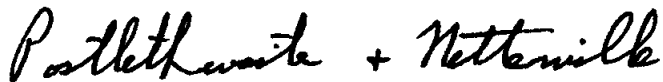
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Natchitoches Parish Detention Center, a component unit of the Natchitoches Parish Sheriff, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated January 7, 2015 on our consideration of the Natchitoches Parish Detention Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Detention Center's internal control over financial reporting and compliance.



POSTLETHWAITE & NETTERVILLE

January 7, 2015

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

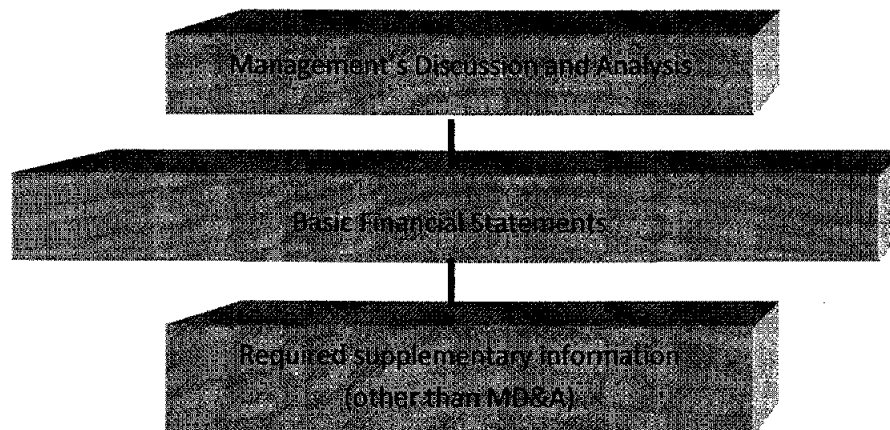
The Management's Discussion and Analysis of the Natchitoches Parish Detention Center's (the Detention Center's) financial performance presents a narrative overview and analysis of the Natchitoches Parish Detention Center's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison to prior year's information (where available).

FINANCIAL HIGHLIGHTS

1. The Detention Center's total net position decreased \$243,359 or 3.9% over the course of the year.
2. Revenue decreased by \$587,851 or 9%.
3. Expenses decreased \$179,865 or 2.4%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Cash Flows provide information about the activities of the Detention Center as a whole and present a longer-term view of the Detention Center's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the Detention Center's net position and changes in them. You can think of the Detention Center's net position, the difference between assets and liabilities, as one way to measure the Detention Center's financial health, or financial position. Over time, increases or decreases in the Detention Center's net position are one indicator of whether its financial health is improving or deteriorating.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 1,829,491	\$ 2,124,960
Capital assets, net	<u>2,595,217</u>	<u>2,922,821</u>
Total Assets	<u>\$ 4,424,708</u>	<u>\$ 5,047,781</u>
Accounts payable, accruals and other liabilities	\$ 500,929	\$ 554,487
Other post employment benefits payable	681,538	502,694
Long-term debt	<u>2,800,000</u>	<u>3,305,000</u>
Total Liabilities	<u>3,982,467</u>	<u>4,362,181</u>
Net assets		
Investment in capital assets, net of related debt	(204,783)	(382,179)
Restricted	585,591	667,073
Unrestricted	<u>61,433</u>	<u>400,706</u>
Total Net Position	<u>442,241</u>	<u>685,600</u>
 Total Liabilities and Net Position	 <u>\$ 4,424,708</u>	 <u>\$ 5,047,781</u>

The net position of the Detention Center's decreased by \$243,359 or approximately 35% from the previous fiscal year. The decrease is the result of operating and nonoperating expenses exceeding operating and nonoperating revenues and transfers during the fiscal year ended 2014.

Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 5,610,671	\$ 6,198,522
Operating Expenses	<u>7,239,417</u>	<u>7,419,282</u>
Operating Income/(Loss)	(1,628,746)	(1,220,760)
Nonoperating Revenues/(Expenses)	319,884	195,787
Transfers In/(Out)	<u>1,065,503</u>	<u>860,327</u>
Change in net position	<u>(\$ 243,359)</u>	<u>(\$ 164,646)</u>

The Natchitoches Parish Detention Center's total operating revenues decreased by \$587,851 or approximately 9% from the previous year primarily as a result of variations in the charges for services. The total operating expenses decreased by \$179,865 or approximately 2% from the previous year primarily through reductions in supplies expense.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the Detention Center had \$2,595,517, net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net decrease (including additions and retirements) of \$327,304 or 11% from the previous year.

Capital Assets at Year End
(Net of Depreciation)

	<u>2014</u>	<u>2013</u>
Land	\$ 146,089	\$ 146,089
Buildings and building improvements	2,306,945	2,602,938
Automobiles	4,966	14,261
Equipment, furniture and fixtures	<u>137,217</u>	<u>159,533</u>
Total	<u>\$ 2,595,517</u>	<u>\$ 2,922,821</u>

No significant additions were noted in 2014. Decrease in net capital assets attributable to continued depreciation of vehicles. Depreciation expense recognized for the year was \$345,984.

Debt

The Natchitoches Parish Detention Center had \$2,800,000 in long-term debt outstanding at year end compared to \$3,305,000 at the previous year end, a decrease \$505,000 or 15% as shown in the table below.

Outstanding Debt at Year End

	<u>2014</u>	<u>2013</u>
Revenue bonds-2004	\$ 300,000	\$ 585,000
Revenue bonds-2008	<u>2,500,000</u>	<u>2,720,000</u>
Totals	<u>\$ 2,800,000</u>	<u>\$ 3,305,000</u>

Decrease is attributable to continued retirement of debt through principle payments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Management of the Detention Center considered the following factors and indicators when setting next year's budget and rates. These factors and indicators include:

- 1) Number of inmates
- 2) Intergovernmental revenues (local, state and federal grants)
- 3) Long-term debt
- 4) Cost of operations

The Detention Center does not expect any significant changes in next year's results as compared to the current year.

**NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

CONTACTING NATCHITOCHES PARISH DETENTION CENTER'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Natchitoches Parish Detention Center's finances and to show the Natchitoches Parish Detention Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Victor Jones, Sheriff, 299 Edwina Drive, Natchitoches, Louisiana 71457.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets:

Cash	\$ 825,990
Accounts Receivable	398,688
Prepaid expenses	<u>19,222</u>
Total current assets	<u>1,243,900</u>

Noncurrent Assets:

Restricted assets	585,591
Capital assets, net	<u>2,595,217</u>
Total noncurrent assets	<u>3,180,808</u>

Total assets	<u><u>4,424,708</u></u>
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LIABILITIES

Current liabilities:

Current portion of long-term debt	530,000
Accounts payable and accruals	<u>500,929</u>
Total current liabilities	<u>1,030,929</u>

Noncurrent liabilities:

Long-term debt, net of current portion	2,270,000
Other post employment benefits payable	<u>681,538</u>
Total noncurrent liabilities	<u>2,951,538</u>

Total liabilities	<u><u>3,982,467</u></u>
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NET POSITION

Net investment in capital assets	(204,783)
Restricted for:	
Retirement of long-term debt	329,034
Inmate trust accounts	256,557
Unrestricted	<u>61,433</u>
Total net position	<u><u>\$ 442,241</u></u>

The accompanying notes are an integral part of this financial statement.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUE

Charges for services	\$ 4,569,853
Commissary	336,050
Work release revenues	670,856
Other	33,912
Total operating revenues	<u>5,610,671</u>

OPERATING EXPENSES

Depreciation	345,984
Employee benefits	828,347
Food	699,271
Fuel	105,067
Insurance	38,866
Medical	472,892
Payroll taxes	58,737
Prisoner security	15,650
Professional services	38,054
Repairs and maintenance	131,401
Retirement	360,292
Salaries	2,959,289
Supplies and other	684,854
Telephone	150,527
Training	15,761
Uniforms	32,520
Utilities	301,905
Total operating expenses	<u>7,239,417</u>

Operating loss	(1,628,746)
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NONOPERATING REVENUES/(EXPENSES)

Interest income	6,809
Interest expense	(150,796)
Intergovernmental revenues	463,871
Total nonoperating revenues (expenses)	<u>319,884</u>

Loss before transfers	(1,308,862)
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Transfers	<u>1,065,503</u>
Change in net position	(243,359)

Net position, beginning of year	<u>685,600</u>
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Net position, end of year	<u>\$ 442,241</u>
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The accompanying notes are an integral part of this financial statement.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Cash flow from operating activities:

Receipts from customers	\$ 5,612,367
Cash payments to suppliers for goods and services	(2,513,741)
Cash payments to employees for services and related benefits	(4,238,288)
Other operating revenues	33,912
Net cash provided by operating activities	<u>(1,105,750)</u>

Cash flows from non-capital financing activities:

Intergovernmental revenues	478,528
Other non-operating activity, inmate accounts	(7,492)
Net cash provided by non-capital financing activities	<u>471,036</u>

Cash flows from capital and related financing activities:

Proceeds from Natchitoches Parish Sheriff, general fund	1,065,503
Principal payments on revenue bonds	(505,000)
Acquisition/construction of capital assets	(18,380)
Interest paid	(155,239)
Net cash provided by capital and related financing activities	<u>386,884</u>

Cash flows from investing activities:

Interest income	6,809
Net cash flows provided by investing activities	<u>6,809</u>

Net decrease in cash and cash equivalents (241,021)

Cash and cash equivalents, beginning of year 1,652,602

Cash and cash equivalents, end of year \$ 1,411,581

Classified as:

Current \$ 825,990

Restricted 585,591

Total: \$ 1,411,581

Reconciliation of operating income to net cash from operating activities:

Operating loss	\$ (1,628,746)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation expense	345,984
(Increase)/decrease in operating assets	
Accounts receivable	35,608
Prepaid expenses	(557)
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	(36,883)
Other post employment benefits payable	178,844
Net cash flows from operating activities	<u>\$ (1,105,750)</u>

The accompanying notes are an integral part of this financial statement.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four year term as the chief executive officer of the law enforcement district, which includes administering the parish jail system. Construction of the facility was completed and the first prisoners were received on June 18, 1996.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the Natchitoches Parish Detention Center have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with these standards.

B. Reporting Entity

The Natchitoches Parish Sheriff is the chief executive officer of the law enforcement district (management control over) and provides funds for capital assets purchases and long-term debt payments to the Natchitoches Parish Detention Center. Because the Detention Center is managed by and fiscally dependent on the Natchitoches Parish Sheriff, the Detention Center was determined to be a component unit of the Natchitoches Parish Sheriff, the primary government.

The accompanying financial statements present information only on the funds maintained by the Natchitoches Parish Detention Center and do not present information on the Natchitoches Parish Sheriff, the general government services provided by that governmental unit, or the other activities that comprise the primary government.

C. Measurement Focus/Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Natchitoches Parish Detention Center are maintained in accordance with applicable statutory provisions:

Revenue Recognition - revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition - expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

The Detention Center financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

F. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2014, receivables were considered collectable,

G. Capital Assets

Capital assets are carried at historical cost. Depreciation of all exhaustible capital assets used by the Detention Center is charged as an expense against operations in the Statement of Revenues, Expenses, and Changes in Net Position. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for movable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

H. Compensated Absences

Employees of the Natchitoches Parish Detention Center that have been employed one year or more earn two weeks of vacation leave per year. Vacation leave is prorated for employees having less than a year of service. Vacation leave does not carryover or accumulate from one fiscal year to the next, and there are no vesting privileges. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

I. Net Position

The net position is displayed in three components:

1. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.
2. Restricted net position - reflects that portion of the net position with constraints placed on use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. Unrestricted - all other net position.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position (continued)

The Detention Center typically uses restricted amounts first then unrestricted amounts when an expenditure is incurred for purposes for which either amount could be used.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, the Natchitoches Parish Detention Center may deposit funds with a fiscal agent bank. Further, the Detention Center may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The carrying amount of the Detention Center's deposits with financial institutions was \$1,411,181 and the bank balance was \$1,426,122 at June 30, 2014. Deposits with financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the Detention Center's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The Detention Center had no custodial credit risk as of June 30, 2014.

3. RESTRICTED ASSETS

At June 30, 2014, cash balances of \$585,591 were restricted for trust and bond accounts.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2014:

<u>Class of Receivable</u>	
Charges for services	\$ 346,684
Intergovernmental revenues	<u>52,004</u>
Total	<u>\$ 398,688</u>

5. CAPITAL ASSETS

A summary of the Natchitoches Parish Detention Center's capital assets at June 30, 2014 follows:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Capital Assets, not being depreciated				
Land	\$ 146,089	\$ -	\$ -	\$ 146,089
Total Capital Assets, not being depreciated	146,089	-	-	146,089
Capital Assets, being depreciated				
Buildings and building improvements	5,977,695	-	-	5,977,694
Less accumulated depreciation	<u>(3,374,757)</u>	<u>(295,991)</u>	<u>-</u>	<u>(3,670,748)</u>
Total Buildings and Building Improvements	2,602,938	(295,991)	-	2,306,947
Automobiles	307,080	1,000	(85,222)	222,858
Less accumulated depreciation	<u>(292,819)</u>	<u>(10,295)</u>	<u>85,222</u>	<u>(217,892)</u>
Total Automobiles	14,261	(9,295)	-	4,966
Equipment, furniture and fixtures	333,608	17,380	-	350,988
Less accumulated depreciation	<u>(174,075)</u>	<u>(39,698)</u>	<u>-</u>	<u>(213,773)</u>
Total Equipment, Furniture and Fixtures	159,533	(22,316)	-	137,215
Total Capital Assets, being depreciated	<u>2,776,732</u>	<u>(327,602)</u>	<u>-</u>	<u>2,449,128</u>
Total Capital Assets, net	<u>\$ 2,922,821</u>	<u>(\$ 327,602)</u>	<u>\$ -</u>	<u>\$ 2,595,217</u>

6. ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2014:

<u>Class of Payable</u>	
Vendor	\$ 201,424
Salaries and benefits	4,319
Interest	38,629
Inmate trust	<u>256,557</u>
Total	<u>\$ 500,929</u>

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

7. LONG TERM-DEBT

The following is a summary of the long-term debt of the Detention Center for the year ended June 30, 2014:

	Balance			Balance	Current
	June 30, 2013	Additions	Deletions	June 30, 2014	Amounts
Revenue bonds - 2004	\$ 585,000	\$ -	\$ 285,000	\$ 300,000	\$ 300,000
Revenue bonds - 2008	2,720,000	-	220,000	2,500,000	230,000
Total	<u>\$ 3,305,000</u>	<u>\$ -</u>	<u>\$ 505,000</u>	<u>\$ 2,800,000</u>	<u>\$ 530,000</u>

The terms of the individual debt issues of the Detention Center are as follows:

	Interest	Maturity	Amount	
	Rate	Date	Issued	Outstanding
Revenue bonds - 2004	4.85%	06/01/15	\$ 2,600,000	\$ 300,000
Revenue bonds - 2008	4.49%	03/01/23	3,500,000	2,500,000
Total			<u>\$ 6,100,000</u>	<u>\$ 2,800,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 2014 are as follows:

Year Ended	Principal	Interest	
June 30,	Payments	Payments	Total
2015	\$ 530,000	\$ 126,800	\$ 656,800
2016	240,000	101,923	341,923
2017	250,000	91,147	341,147
2019	265,000	79,922	344,922
2019	275,000	68,024	343,024
2020-2023	<u>1,240,000</u>	<u>142,109</u>	<u>1,382,109</u>
Total	<u>\$ 2,800,000</u>	<u>\$ 609,924</u>	<u>\$ 3,409,924</u>

8. CONCENTRATION OF REVENUES

For the year ended June 30, 2014, the Detention Center had concentrations in charges for services to the State of Louisiana (77%), Natchitoches Parish Police Jury (17%).

9. RETIREMENT SYSTEM

Substantially all employees of the Natchitoches Parish Detention Center's office are members of the Louisiana Sheriffs Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Laws that govern the Fund are located in the Louisiana Revised Statutes beginning with 11:2171 etc. which specifically pertains to the Sheriffs' Pension Fund, and 11:11 etc. which governs all public retirement systems in Louisiana.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

9. RETIREMENT SYSTEM (continued)

Membership in the Fund is required for all eligible sheriffs and deputies. All salaried employees of the Sheriffs' Pension and Relief Fund and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the Fund. Members are vested after twelve years of service time. All sheriffs and all deputies who are found to be physically fit, who earn at least \$1,000 per month, and who were between the ages of 18 or older at the time of original employment are required to participate in the System. An employee hired prior to January 1, 2012, who retires at or after age 55 with at least 12 years of creditable service, or at any age with 30 years of creditable service is entitled to retirement benefit payable monthly for life, equal to 3.33 percent of his final average compensation for each year of creditable service.

An employee hired on or after January 1, 2012, who retires at or after age 62 with at least 12 years of creditable service, at or after age 60 with at least 20 years of creditable service, or at 55 with 30 years of creditable service is entitled to a retirement benefit payable monthly for life, equal to 3.00 percent of his final average compensation each year of creditable service. In any case, the retirement benefit cannot exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension & Relief Fund, Monroe, Louisiana, 71210-3163 or by calling (318) 362-3188.

The employee contribution rate cannot be less than 9.8% or more than 10.25% of earnable compensation. Contributions are deducted from the member's salary and remitted monthly by the Association. Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the years ended June 30, 2014 and 2013, the employers contributed 13.89% and 13.25% of members' salaries. Also, the Fund annually receives revenue sharing funds, 0.5% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in R.S. 22:1419. The Natchitoches Parish Detention Center's contributions to the System for the years ending June 30, 2014, 2013 and 2012 were \$360,292, \$350,851 and \$331,511, respectively, equal to the required contribution for each year.

10. OTHER POSTEMPLOYMENT BENEFITS

The Natchitoches Parish Detention Center provides certain continuing health care and life insurance benefits for its retired employees. Employees become eligible for these benefits upon actual retirement. These benefits are determined based on the employee's age and length of service. The plan is an agent multiple-employer defined benefit health care plan administered by the Louisiana Sheriffs' Association. The plan does not issue a publicly available financial report.

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents. The Detention Center recognizes the cost of providing post employment medical and life benefits as an expense when the benefit premiums are due. The benefits are financed on a pay-as-you-go basis with the Detention Center contributing \$70,802 for retirees in 2014.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

10. OTHER POSTEMPLOYMENT BENEFITS (continued)

The Detention Center's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year 2014 is \$257,839 as set forth below:

Normal cost	\$ 107,294
30-year UAL amortization amount	<u>150,545</u>
Annual required contribution (ARC)	<u>\$ 257,839</u>

The following table presents the Detention Center's OPEB Obligation for the fiscal year 2014:

Beginning net OPEB obligation, July 1, 2013	\$ 502,694
Annual required contribution	257,839
Interest on net OPEB obligation	18,380
ARC adjustment	<u>(26,573)</u>
OPEB cost	249,646
Contributions made	<u>(70,802)</u>
Change in net OPEB obligation	<u>178,844</u>
Ending net OPEB obligation, June 30, 2014	<u>\$ 681,538</u>

The Detention Center's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the following fiscal years are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
06/30/2012	\$ 151,887	23.78%	\$ 325,361
06/30/2013	\$ 242,891	26.99%	\$ 502,694
06/30/2014	\$ 249,646	28.36%	\$ 681,538

The Detention Center did not contribute to its OPEB plan during the year ended June 30, 2014. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2014, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$2,707,468, which is defined as that portion, as determined by a particular actuarial cost method (project Unit Cost Method), of the actuarial present value of post employment plan benefits and expenses that is not provided by normal cost. Since the plan was not funded, the Detention Center's entire actuarial accrued liability of \$2,707,468 was unfunded.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

10. OTHER POSTEMPLOYMENT BENEFITS (continued)

The funded status of the plan as of June 30, 2014, was as follows:

Actuarial accrued liability (AAL)	\$ 2,707,468
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,707,468</u>
 Funded ratio (actuarial value of plan assets/AAL)	 0.00%
 Covered payroll (annual payroll of active employee covered by the plan)	 \$ 2,746,885
 UAAL as a percentage of covered payroll	 99%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits include estimates and assumptions regarding 1) turnover rate; 2) retirement rate; 3) health care cost trend rate; 4) mortality rate; 5) discount rate (investment return assumption); and 6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Natchitoches Parish Detention Center and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Natchitoches Parish Detention Center and its plan members to that point. The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Natchitoches Parish Detention Center and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other describe pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Since the OPEB obligation has not yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employees' census, produce an annual turnover of approximately 10.0%.

We have assumed that actual retirement (and commencement of OPEB benefits) occurs at eight years after the earliest retirement (D.R.O.P. entry) eligibility. The eight years consists of five years of D.R.O.P. and three additional years. Medical benefits are provided to employees upon actual retirement.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

10. OTHER POSTEMPLOYMENT BENEFITS (continued)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded, we have performed this valuation using a 4% annual investment return assumption.

The expected rate of increase in medical cost is based a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficient conservative margin for the population involved in this valuation.

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). The medical rates provided are "blended" rates for active and retired prior to Medicare eligibility. The Detention Center has therefore estimated the "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility.

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

11. LITIGATION

The Detention Center is a defendant in various lawsuits as of the close of business on June 30, 2014. Although the outcomes of these lawsuits is not presently determinable, in the opinion of the Detention Center's legal counsel, resolution of these matters would not create a liability in excess of insurance coverage, and therefore would not have a material adverse effect on the financial condition of the Detention Center.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Victor Jones, Sheriff
Natchitoches Parish Detention Center
Natchitoches, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Natchitoches Parish Detention Center (Detention Center), Natchitoches, Louisiana, a component unit of the Natchitoches Parish Sheriff, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Detention Center's basic financial statements, and have issued our report thereon dated January 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Detention Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Detention Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Detention Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Parish Detention Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite + Netterville

POSTLETHWAITE & NETTERVILLE

January 7, 2015

**NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | |
|--|---------------|
| 1. Type of auditors' report issued. | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

SECTION #2

FINANCIAL STATEMENT FINDINGS

None reported.

NATCHITOCHES PARISH DETENTION CENTER
NATCHITOCHES, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2014

FINDINGS – FINANCIAL STATEMENT AUDIT

None

Natchitoches Parish Detention Center

REPORT TO MANAGEMENT

JUNE 30, 2014

January 7, 2015

Honorable Victor Jones, Sheriff
Natchitoches Parish Detention Center
Natchitoches, Louisiana

In planning and performing our audit of the financial statements of the Natchitoches Parish Detention Center (Detention Center) for the year ended June 30, 2014, we considered the Detention Center's internal controls and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that are opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated January 7, 2015 on the financial statements of the Detention Center.

A. Segregation of Duties

Criteria:

A system of internal controls should be in place to provide reasonable assurance as to the safeguarding of assets against loss from unauthorized use or disposition and for maintaining accountability for assets. One principle way to accomplish this is to segregate incompatible duties whereby, authorization over transactions, access to assets, and reconciliation duties are segregated. Another principal way is to incorporate a review process accounting processes and controls.

Condition:

The accountant at the Detention Center prepares all of the bank reconciliations of the Detention Center. Further, she has check signing authority. The bank account pertaining to the Work Release program is reviewed by another employee, but the remaining seven bank accounts reconciliations prepared by the accountant are not reviewed.

Recommendation:

We recommend that all the bank reconciliations be reviewed by an employee that is not responsible for preparing them. Further, we recommend that the check signing authority be revoked for the Accountant who prepares the reconciliations.

Management's Response:

Management concurs with this finding. Management will implement the recommendation immediately.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the Detention Center's staff for their cooperation with us during the performance of the audit.

This letter is intended solely for the information and use of the Detention Center and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite + Netterville